

<p>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p>MDC LAND CORP.,</p> <p>v.</p> <p>Respondent:</p> <p>DOUGLAS COUNTY BOARD OF EQUALIZATION.</p>	<p>Docket No.: 63861</p>
<p>ORDER</p>	

THIS MATTER was heard by the Board of Assessment Appeals on August 6, 2014, Sondra W. Mercier and James R. Meurer presiding. Petitioner was represented by Richard G. Olona, Esq. Respondent was represented by Meredith P. Van Horn, Esq. Petitioner is protesting the 2013 property tax valuation of the subject residential lots.

Subject property is described as follows:

**Villages at Castle Rock Subdivision-Liberty Village
Castle Rock, Douglas County, Colorado
Douglas County Account Nos. R0467876 through R0474607**

The parties stipulated to the admission of Mr. Todd Stevens and Mr. John Whitley as experts, as well as stipulated to the admission of Petitioner’s Exhibits 1 and 2, and Respondent’s Exhibits A and B.

The subject property consists of 80 vacant residential lots located within the ±1,200 lot Villages at Castle Rock Subdivision in Castle Rock, Colorado. The lots range in size from 0.138 acres to 0.246 acres with a median size of 0.157 acres, or approximately 6,800 square feet. Eight of the lots are located on a greenbelt. All of the lots are fully developed, and ready for residential construction.

Petitioner is requesting an actual value of \$1,946,829 for the subject property for tax year 2013. Respondent provided an appraisal reflecting a value of \$4,709,600 for tax year 2013;

however, Respondent is deferring to the Board of Equalization's (BOE) assigned value for tax year 2013 of \$3,667,770.

Cost:	Not Developed
Market	\$1,946,829
Income:	Not Developed

Mr. Olona, attorney representing Petitioner, called Mr. Todd Sevens of Stevens & Associates Cost Reduction Specialists, Inc. as Petitioner's first and only witness. Mr. Stevens described the subject property and the general residential real estate climate during the base period for the Castle Rock/Parker area. Mr. Stevens emphasized that the location of the subject subdivision was approximately three to four miles south of the central area of the Town of Parker, and due to location, was inferior to the majority of the residential subdivisions in the area.

Relative to the comparables used for valuation in Petitioner's market approach, Mr. Stevens presented seven multi-lot sales and four single-lot sales. The multi-lot sales ranged in price from \$33,333 per lot to \$55,000 per lot prior to adjustment, and from \$31,666 to \$41,250 subsequent to adjustment. Major adjustments to the multi-lot comparables consisted of location, size, and physical characteristics. After adjustment, Mr. Stevens reconciled to an individual base lot value of \$35,000, prior to any warranted calculation for a present worth deduction. The single-lot sales used by Mr. Stevens ranged from \$25,000 to \$52,500 prior to adjustment, and \$21,250 to \$43,000 subsequent to adjustment. Major adjustments to the single-lot comparables also consisted of location, size, and physical characteristics. After adjustment, Mr. Stevens reconciled to an individual base lot value of \$34,000 prior to any calculation for a present worth deduction. Based on data provided by Douglas County, Mr. Stevens applied a premium for greenbelt influence to the concluded base lot values resulting in the following concluded lot values, prior to any present worth deduction.

Comparables	Concluded Base Lot Value	Concluded Greenbelt Lot Value
Multi-Lot Comparables	\$35,000	\$40,250
Single-Lot Comparables	\$34,000	\$39,100

After developing the above, Mr. Stevens testified that the concluded values were undiscounted retail lot values, and eligible under statute and ARL guidelines for present worth discounting. In order to discount, Mr. Stevens used a five year absorption period and a 13.5% discount rate and testified that these were the variables used by Douglas County at the Board of Equalization hearing. Subsequent to discounting, Mr. Stevens concluded to the following values.

Comparables	Discounted Concluded Base Lot Value	Discounted Concluded Greenbelt Lot Value
Multi-Lot Comparables	\$24,323	\$27,972
Single-Lot Comparables	\$23,628	\$27,172

Based on the above, Mr. Stevens reconciled to a total value, subject to present worth discounting, for the base lots of \$23,976 and \$27,572 for the greenbelt lots, resulting in a concluded total discounted value for the 80 lots of \$1,946,829.

Respondent presented the following indicators of value:

Cost:	Not Developed
Market	\$4,709,600
Income:	Not Developed

Ms. Van Horn, attorney representing Respondent, called Mr. John Whitley a licensed appraiser with the Douglas County Assessors Office as Respondent’s first and only witness. Similar to Mr. Stevens, Mr. Whitley described the subject property and the general residential real estate climate during the base period for the Castle Rock/Parker area. In terms of the comparables used for valuation in Respondent’s market approach, Mr. Whitley presented two multi-lot subdivision sales. The prices per lot ranged from \$55,175 to \$77,900 prior to adjustment, and from \$49,658 to \$66,215 subsequent to adjustment. The only adjustment to the comparables consisted of location. After adjustment, Mr. Whitley reconciled to an individual base lot value of \$58,000, and \$66,700 for the greenbelt lots. Mr. Whitley did not take any further deductions for present worth discounting, testifying that this deduction had already been considered and accounted for in the concluded values. No single-lot sales were referenced by Respondent.

A comparison of the concluded lot values by the parties is as follows:

	Petitioner	Respondent
Base Lot Retail	\$34,500	\$58,000
Greenbelt Lot Retail	\$39,675	\$66,700
Base Lot Discounted	\$23,976	N/A
Greenbelt Lot Discounted	\$27,572	N/A

The significant differences between Petitioner’s and Respondent’s opinions of value lie in the sales used in their respective market approaches, the adjustments to these sales specifically in terms of the location, and the determination if additional present worth discounting is necessary or if this discount has already been included in the prices of the sales. Petitioner argues that their comparables (both multi-lot and single-lot) are most similar to the subject and the adjustments to those comparables are supportable within the market. Petitioner further argues that the sales prices of these comparables represent retail values and pursuant to statutory and ARL guidelines, additional discounting must be employed. Respondent argues that its two subdivision sales accurately reflect the value for the subject lots, and that the prices reflected in these sales represent discounted versus retail values resulting in no additional present worth deduction.

Given the above, the Board concludes the following:

- o Based on the testimony and exhibits, the Board concludes that the seven multi-lot acquisitions and the four single-lot sales used by Petitioner in its market approach are appropriate and sufficient to establish unadjusted values for the subject lots.

- The Board concludes that Petitioner's individual adjustments to the comparables for location, size, and physical characteristics and the resulting net adjustments to each comparable have been adequately supported through the testimony and exhibits (e.g. maps) provided by Petitioner.
- The Board concludes based on the examination and cross-examination of the witnesses, that the adjusted values offered by Petitioner represent retail values, rather than discounted values and warrant present worth discounting.

Given the above, and after careful consideration of the testimony and exhibits presented in the hearing, the Board concludes that Petitioner presented sufficient probative evidence and testimony to prove that the tax year 2013 valuation of the subject property was incorrect. The Board places most weight on Petitioner's comparables and adjustments to those comparables, and concurs with Petitioner that additional present worth discounting is warranted pursuant to statutory and the ARL guidelines.

ORDER:

Respondent is ordered to reduce the 2013 actual value of the subject property to \$1,946,829.

The Douglas County Assessor is directed to change his/her records accordingly.

APPEAL:

If the decision of the Board is against Petitioner, Petitioner may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of Section 24-4-106(11), C.R.S. (commenced by the filing of a notice of appeal with the Court of Appeals within forty-nine days after the date of the service of the final order entered).

If the decision of the Board is against Respondent, Respondent, upon the recommendation of the Board that it either is a matter of statewide concern or has resulted in a significant decrease in the total valuation of the respondent county, may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of Section 24-4-106(11), C.R.S. (commenced by the filing of a notice of appeal with the Court of Appeals within forty-nine days after the date of the service of the final order entered).

In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

If the Board does not recommend its decision to be a matter of statewide concern or to have resulted in a significant decrease in the total valuation of the respondent county, Respondent may petition the Court of Appeals for judicial review of such questions within thirty days of such decision.

Section 39-8-108(2), C.R.S.

DATED and MAILED this 11th day of August, 2014.

BOARD OF ASSESSMENT APPEALS

Sondra W Mercier

Sondra W. Mercier

[Signature]

James R. Meurer

I hereby certify that this is a true and correct copy of the decision of the Board of Assessment Appeals.

[Signature]

Milla Lishchuk

